

§ 155.6

why it reliably establishes the accuracy of the imputed trade execution times.

If trade execution times are recorded through electronic hand-held trading cards, demonstrate accuracy rate through, at a minimum, the accuracy of the timing mechanism (such as an internal clock), including a description of how the timing mechanism is set and the uniformity of the time set for all the electronic hand-held trading cards used on the contract market, and the unalterability of the trade execution times recorded.

III. Recordkeeping System

Demonstrate that a “representative sample” of documentation required to be prepared and maintained by each floor member and member firm regarding the execution of customer orders and other trading is reviewed for regulation 1.35 compliance at least once each year. Provide checklist used in the review of the documentation. Demonstrate that information developed regarding inadequate or violative recordkeeping is incorporated into other compliance activities as appropriate.

IV. Surveillance Systems to Detect Dual Trading-Related Abuses

Demonstrate (*e.g.*, by description of procedures and by logs) that the contract market, on a daily basis, reviews trade registers and computerized surveillance reports to detect dual trading-related abuses. The contract market also must describe:

A. The extent to which available trade data, including account numbers, are reviewed; and

B. The cycle and generic content of such computerized reports.

V. Use, on Consistent Basis, of Information to Bring Dual Trading-Related Disciplinary Actions and Assessment of Meaningful Penalties

Provide a list of each investigation and disciplinary proceeding involving one or more dual trading-related abuses, which investigation or disciplinary proceeding was in an open status at any time during the 12-month period ending with the month preceding the submission of the exemption petition. Include in list:

A. Source of investigation (*e.g.*, customer complaint or inquiry; automated report; manual review; floor surveillance);

B. Type of abuse alleged or found; and

C. Disposition at each level of the process. For each settlement or adjudication, state any penalties (monetary or other) assessed.

17 CFR Ch. I (4–1–02 Edition)

VI. Commitment of Resources

Include statistics regarding the timeliness of the completion of investigations and the initiation of disciplinary proceedings.

[58 FR 40348, July 28, 1993, as amended at 60 FR 49336, Sept. 25, 1995]

EFFECTIVE DATE NOTE: At 67 FR 11229, Mar. 13, 2002, § 155.5 was removed and reserved, effective Apr. 12, 2002.

§ 155.6 Trading standards for the transaction of business on registered derivatives transaction execution facilities.

(a) A futures commission merchant, or affiliated person thereof, transacting business on behalf of a customer who does not qualify as an “institutional customer” as defined in § 1.3(g) of this chapter on a registered derivatives transaction execution facility shall comply with the provisions of § 155.3.

(b) No futures commission merchant, introducing broker or affiliated person thereof shall misuse knowledge of any institutional customer’s order for execution on a registered derivatives transaction execution facility.

[66 FR 53523, Oct. 23, 2001]

§ 155.10 Exemptions.

Except as otherwise provided in this part, the Commission may, in its discretion and upon such terms and conditions as it deems appropriate, exempt any contract market or other person from any of the provisions of this part.

(Approved by the Office of Management and Budget under control numbers 3038–0007 and 3038–0022)

[41 FR 56142, Dec. 23, 1976, as amended at 46 FR 63036, Dec. 30, 1981]

PART 156—BROKER ASSOCIATIONS

Sec.

156.1 Definition.

156.2 Registration of broker association.

156.3 Contract market program for enforcement.

156.4 Disclosure of Broker Association Membership.

AUTHORITY: 7 U.S.C. 6b, 6c, 6j(d), 7a(b), and 12a.